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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING January 1, 2005 AND ENDING December 31, 2005
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Dinosaur Securities, L.L.C.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

443 Park Avenue, 5th FloorNew York

(No. and Street)

NY10016

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Glenn Grossman212 448-9251

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Schneider & Associates LLP

(Name - if individual, state last, first, middle name)

100 Jericho Quadrangle, #236, Jericho, NY 11753

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

PROCESSED
MAY 26 2006
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FINANCIAL

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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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OATH OR AFFIRMATION

I, Glenn Grossman, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Dinosaur Securities, L.L.C., as of December 31, 20 05, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Veronica B.
Notary Public

[Signature]
Signature
Managing Member & President
Title

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in ~~Financial Condition~~ Cash Flows.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- ☒ (o) Independent auditors' report on internal control.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(c)(3).

DINOSAUR SECURITIES, L. L. C.

FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES

FOR THE YEAR ENDED DECEMBER 31, 2005

DINOSAUR SECURITIES, L. L. C.
FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2005

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INDEPENDENT AUDITORS' REPORT

Dinosaur Securities, L. L. C.
New York, New York

We have audited the accompanying statement of financial condition of Dinosaur Securities, L. L. C. as of December 31, 2005 and the related statements of income, changes in members' equity and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dinosaur Securities, L. L. C. as of December 31, 2005, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the supplementary schedules listed in the accompanying index is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 of the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Schneider & Associates LLP

Jericho, New York
February 8, 2006

DINOSAUR SECURITIES, L. L. C.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2005

ASSETS

Cash	\$ 110,919
Receivable from clearing firms	1,124,190
Receivable from broker-dealer	66,500
Property and equipment - net	44,456
Other assets	<u>30,799</u>
Total assets	<u>\$1,376,864</u>

LIABILITIES AND MEMBERS' EQUITY

Liabilities

Commissions payable	\$ 566,538
Accounts payable and accrued expenses	213,730
Loans payable - related parties	31,597
Other liabilities	<u>41,196</u>
Total liabilities	853,061
Commitments (see notes)	
Members' equity	<u>523,803</u>
Total liabilities and members' equity	<u>\$1,376,864</u>

See accompanying notes to financial statements.

DINOSAUR SECURITIES, L. L. C.
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2005

Revenues

Commission income	\$ 9,929,759
Interest and other income	429,716
Net firm trading gains	<u>367,339</u>
	<u>10,726,814</u>

Expenses

Compensation and benefits	7,937,494
Clearing, execution and floor brokerage	934,285
Fees to related parties	972,001
Market data services	241,184
Communications and occupancy	147,045
Other operating expenses	<u>374,354</u>
	<u>10,606,363</u>

Net income	\$ <u>120,451</u>
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See accompanying notes to financial statements.

DINOSAUR SECURITIES, L. L. C.
STATEMENT OF CHANGES IN MEMBERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2005

	Class M	Class C	Class E	Accumulated Deficit	Total
BALANCES, January 1, 2005	\$1,087,961	\$739,700	\$--	\$(1,423,309)	\$404,352
Redemption of capital interest	(1,000)	--	--	--	(1,000)
Net income for the year	<u>--</u>	<u>--</u>	<u>--</u>	<u>120,451</u>	<u>120,451</u>
BALANCES, December 31, 2005	<u>\$1,086,961</u>	<u>\$739,700</u>	<u>\$--</u>	<u>\$(1,302,858)</u>	<u>\$523,803</u>

See accompanying notes to financial statements.

DINOSAUR SECURITIES, L. L. C.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2005

Cash flows from operating activities	
Net income	\$ <u>120,451</u>
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	12,199
(Increase) decrease in operating assets:	
Receivable from clearing firms	(280,577)
Receivable from broker-dealer	(66,500)
Other assets	31,787
Increase (decrease) in operating liabilities:	
Commissions payable	92,360
Accounts payable and accrued expenses	137,661
Due to member	(3,511)
Other liabilities	<u>41,196</u>
Total adjustments	<u>(35,385)</u>
Net cash provided by operating activities	<u>85,066</u>
Cash flows from investing activities	
Purchases of property and equipment	<u>(1,482)</u>
Cash flows from financing activities	
Redemption of capital interest	(1,000)
Proceeds from loans payable - related parties	<u>19,697</u>
Net cash provided by financing activities	<u>18,697</u>
Net increase in cash	102,281
Cash at January 1, 2005	<u>8,638</u>
Cash at December 31, 2005	\$ <u>110,919</u>

See accompanying notes to financial statements.

DINOSAUR SECURITIES, L. L. C.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 1 - DESCRIPTION OF BUSINESS

Dinosaur Securities, L. L. C. (the "Company") is a Delaware limited liability company located in New York, New York. The Company is a member of the National Association of Securities Dealers. Operations consist primarily of the execution of securities trades for customers on an agency and riskless principal basis, and proprietary trading of debt and equity securities. The Company clears all customer transactions on a fully disclosed basis through two independent clearing firms. The Company claims exemption from the requirements of Rule 15c3-3 under Section (K)(2)(ii) of the Rule, and consequently does not carry securities accounts for customers nor does it perform custodial functions related to their securities.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The Company records securities transactions and related revenue and expenses on a trade date basis.

Depreciation of fixed assets is provided on a straight-line basis over the estimated useful life of the respective assets.

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used.

As an LLC, the Company is not subject to federal or state income tax, and thus no federal or state income tax expense has been recorded in the accompanying financial statements. The members of the Company report their proportionate share of membership taxable income or loss in their respective income tax returns. The Company is subject to the New York City Unincorporated Business Tax (UBT) on taxable income. The Company does not have a UBT liability in 2005 due to the availability of net operating loss carryforwards.

NOTE 3 - RECEIVABLE FROM CLEARING FIRMS

At December 31, 2005, the balance due from clearing firms consisted of commissions receivable in the amount of \$615,434, and cash balances in the amount of \$508,756.

DINOSAUR SECURITIES, L. L. C.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 4 - PROPERTY AND EQUIPMENT

		Estimated <u>Useful Life</u>
Furniture and equipment	\$47,195	7 years
Leasehold improvements	<u>30,371</u>	Term of lease
	77,566	
Less: Accumulated depreciation and amortization	<u>33,110</u>	
	<u>\$44,456</u>	

Depreciation and amortization expense was \$12,199 for the year.

NOTE 5 - MEMBERS' EQUITY

The Company has three classes of membership:

Class M interests are entitled to elect a majority of the Company's board of directors. Class C interests differ from Class M interests principally with respect to voting rights. Class E units have been reserved for the issuance of employee options. The number of issuable Class E units cannot presently exceed 10% of the aggregate ownership interest in the Company. Class E members do not have voting rights. As of December 31, 2005, the Company has not issued any Class E units. All classes share in the allocation of Company profits, losses and distributions to the same extent.

During 2005, the Company redeemed 200,000 Class M units from one of its members for \$1,000. As of December 31, 2005, there were a total of 10,971,244 Class M units and 1,122,200 Class C units outstanding.

NOTE 6 - LEASE COMMITMENT

The Company leases office facilities and equipment under leases expiring at various dates through 2009. Rent expense under one of the office leases is being recognized on a straight-line basis to account for rent concessions during the lease term, resulting in a deferred rent liability of \$13,430 at December 31, 2005. Total operating lease expense was \$302,806 for the year.

DINOSAUR SECURITIES, L. L. C.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

Future minimum lease payments as of December 31, 2005 are:

Year ending <u>December 31,</u>	
2006	\$314,660
2007	153,991
2008	44,035
2009	<u>4,050</u>
Total	<u>\$516,736</u>

NOTE 7 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND CONCENTRATION OF CREDIT RISK

The Company executes, as principal and agent, securities transactions on behalf of its customers. If either the customer or a counter-party fail to perform, the Company may be required to discharge the obligations of the non-performing party. In such circumstances, the Company may sustain a loss if the market value of the security is different from the contract value of the transaction.

The Company is engaged in trading and brokerage activities with customers, broker-dealers and other counterparties. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

NOTE 8 - RELATED PARTY TRANSACTIONS

At December 31, 2005, the Company owed \$11,900 and \$19,697, respectively, to relatives of its managing member. The loans are non-interest bearing and due on demand.

During 2005, the Company paid fees totaling \$527,402, \$73,813 and \$370,786, respectively, to three entities either wholly or partially owned by the Company's managing member.

DINOSAUR SECURITIES, L. L. C.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 9 - NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. Net capital and the related net capital ratio may fluctuate on a daily basis. At December 31, 2005, the Company had net capital and net capital requirements of \$448,548 and \$100,000, respectively. The Company's ratio of aggregate indebtedness to net capital was 1.90 to 1.

SUPPLEMENTARY SCHEDULES

DINOSAUR SECURITIES, L. L. C.
COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1
DECEMBER 31, 2005

Computation of Net Capital

Members' equity	\$ <u>523,803</u>
Nonallowable assets:	
Property and equipment - net	44,456
Other assets	<u>30,799</u>
	<u>75,255</u>
Net capital before haircuts on securities	448,548
Haircuts on securities	<u> --</u>
Net capital	448,548
Minimum capital requirement - the greater of \$100,000 or 6.67% of aggregate indebtedness of \$853,061	<u>100,000</u>
Excess net capital	\$ <u>348,548</u>
Ratio of aggregate indebtedness to net capital	1.90 to 1
Schedule of aggregate indebtedness:	
Commissions payable	\$566,538
Accounts payable and accrued expenses	213,730
Loans payable - related parties	31,597
Other liabilities	<u>41,196</u>
Total aggregate indebtedness	\$ <u>853,061</u>
Reconciliation with the Company's computation (included in Part IIA of Form X-17A-5 as of December 31, 2005):	
Net capital, as reported in the Company's Part IIA (unaudited) FOCUS report	\$421,786
Audit adjustments - net	<u>26,762</u>
Net capital per above	\$ <u>448,548</u>

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INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL REQUIRED BY RULE 17a-5

Dinosaur Securities, L. L. C.
New York, New York

In planning and performing our audit of the financial statements of Dinosaur Securities, L. L. C. for the year ended December 31, 2005, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provision of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons
2. Recordation of differences required by Rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the

SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of the inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2005 to meet the SEC's objectives.

This report is intended solely for the information and use of management, the SEC, the National Association of Securities Dealers, Inc., and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Schneider & Associates LLP

Jericho, New York
February 8, 2006